

NOTIFICATION OF ACTUAL OR SUSPECTED FRAUDS AND IRREGULARITIES

2086

(April 2016)

State entities are required to notify the California Department of Finance Office of State Audits and Evaluations (DOF OSAE) and the California State Auditor (CSA) of all cases of actual or suspected fraud, theft, or other irregularities involving State assets it has become aware of either internally or by referral.

REFERENCE(S)

2086.1

(April 2016)

State Administrative Manual (SAM) Sections [8643](#), [20020](#), and [20080](#)
[CAL FIRE 0900 Information Technology Services Handbook Section 0938](#)
[CAL FIRE 2800 State Property Management Handbook](#)
[CAL FIRE 8100 Command and Control Handbook Section 8100p802](#)

GENERAL PROVISIONS

2086.2

(April 2016)

SAM Section 20080 requires Departmental notification to DOF OSAE and CSA of “all cases of actual or suspected fraud, theft, or other irregularities it has become aware of either internally or by referral. This requirement applies to all incidents involving State assets, whether alleged against State employees or others.”

Required written notification timelines are “no later than the first business day following the actual or suspected fraud, theft, or irregularity” and “are to include, as a minimum, the sequence of events, the internal controls that failed, the means of discovery, the corrective actions taken, the actual or estimated dollar amount, and any punitive actions taken or being considered.” If complete information is unavailable within the initial timeframe, a preliminary notification must be made, and the Department is required to continue follow-up as specified in SAM 20080 until resolution.

Furthermore, SAM 8643 requires that losses of State property due to fraud or embezzlement be reported and employees charged with any loss and damages to State property due to their negligence or unauthorized use.

The Chief, Office of Program Accountability, is the designated point of contact for all Departmental notifications to DOF OSAE and CSA regarding this mandate.

Additionally, the Departmental Accounting Office is responsible for notifying DOF OSAE of material irregularities in the annual Letter of Representation, in accordance with SAM 20020.

PROCEDURES

(April 2016)

2086.3

Notwithstanding all other Departmental policies and procedures regarding fraud, theft, or other irregularities involving State assets, additional notification must be made to the Chief, Office of Program Accountability.

Notification should include:

- The sequence of events
- The internal controls that failed
- The means of discovery
- Corrective actions taken
- Actual or estimated dollar amount
- Any punitive actions taken or being considered
- Contact information for follow-up

Supporting documentation should include:

- If applicable, a redacted copy of the police report
- A copy of the Report of Crime on State Property (STD. 99)
- A copy of the Property Survey Report (STD. 152)
- Any other relevant information

Initial notification to the Chief, Office of Program Accountability, may be made through the CAL FIRE 8100 Command and Control Handbook Section 8100 Procedure 802 where applicable.

If the event involves information technology assets, see CAL FIRE 0900 Information Technology Handbook, Section 0938, for incident reporting.

[\(see HB Table of Contents\)](#)

[\(see Forms and Form Samples\)](#)